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DEPT FOR IO/T AND ISN/MNSA

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SUBJECT: IAEA/IRAN: P5+1 CONSIDER "WHAT NEXT?"

REF: UNVIE 175

Classified By: Ambassador Gregory L. Schulte for reasons 1.4 b,  
d and h

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Summary  
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11. (C) At a U.S. hosted meeting of P5 1 Ambassadors on March 26, the EU-3 shared their assessments of the March Board and considered next steps on Iran in the lead up to the June Board. Ambassador Schulte underlined the need to support the Secretariat's investigation of past weaponization activities

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and verification of information provided by Iran on "issues no longer outstanding at this stage" (reftel). France agreed that this was a "new phase" with the focus now on weaponization. A less sanguine UK cautioned that there was significant risk of a stalemate between the Secretariat and Iran causing several months of drift. Germany stressed the need for a more coordinated P5 1 approach in Vienna while the UK and France asked that P5 1 counterparts not rule out a Board resolution in June. Russia and China had little to contribute to Vienna P5 1 deliberations but hoped that new and innovative approaches would emerge from the PolDir's meeting in Shanghai. In a follow-on discussion, Ambassador Schulte and French Ambassador Deniau considered ways to keep the Iran issue at the forefront in Vienna, including the suggestion of an unclassified briefing on why the information reported by the IAEA is relevant to nuclear weapons R&D or a P5 1 technical experts meeting after Shanghai. A U.S. priority for Shanghai should be agreement on the unacceptability of Iran's claim that the work plan issues can be considered "closed." End Summary.

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Looking Ahead to the June Board  
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12. (C) Ambassador Schulte invited P5 1 counterparts to take stock of the March Board outcome on Iran and exchange ideas on the way forward in the lead up to the June Board. He noted that PolDir's would next meet on April 16 in Shanghai. Almost all Board interventions during the March Board, he observed, urged continued cooperation by Iran in two key areas, AP implementation and weaponization. Ambassador Schulte underlined that passage of UNSCR 1803 reinforced the Board's authority and the role of the IAEA. He also noted

that the DG's 90-day report to the Security Council under UNSCR 1803 would coincide with the June Board. Over the next two months, Ambassador Schulte suggested that Board members focus on providing support to the Secretariat's investigation of weaponization, verification of Iran's answers on formerly outstanding issues and implementation of the AP/additional transparency measures (reftel).

¶3. (C) German Ambassador Gottwald encouraged the P5 1 to work together in Vienna toward common objectives. He assessed that the DG's report to the March Board had been positive and the Secretariat's technical briefing added important new elements that need further explanation. Although there seemed to be momentum on the Iran dossier at the beginning of the Board meeting, some Board statements, notably that of the NAM, glossed over the still outstanding issues and declared the work plan finalized. He emphasized that the P5 1 work together to promote a realistic and balanced assessment at the next Board to ensure states do not "fall into this trap."

In contrast to Gottwald's pessimistic view of the NAM interventions, French Ambassador Deniau was encouraged that NAM members such as South Africa, Egypt and Iraq cited the "alleged studies" in their national statements and seemed to take seriously DDG Heinonen's technical briefing.

¶4. (C) UK Ambassador Smith opined that the Board needed to pronounce itself as a whole, and asked that P5 1 counterparts keep an open mind about a Board resolution in June to clarify where the Board stands and that Iran's answers have been "unsatisfactory." Deniau agreed and observed that the next Board would present a new situation with a fresh report from the DG and no prospect of UNSC action to complicate debate in Vienna. He suggested that a Board resolution should be part of the overall dual-track strategy on Iran.

#### Risk of Drift in this "New Phase"

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¶5. (C) Between now and the June Board, however, Smith feared there was a significant risk that "nothing much would happen," which could lead to a general perception that no additional progress could be made on the Iran file. He warned that the Secretariat had no detailed vision and no clear plan on next steps regarding outstanding issues. At a minimum, Board members needed to support the resumption of the Secretariat's work with Iran. For its part, however, Iran had not signaled any willingness to re-engage with Solana and had sent an inflammatory letter to the UNSC President on UNSCR 1803. P5 1 partners would work on improving the June 2006 offer in Shanghai but there was no evidence that Iran was prepared to address that offer.

¶6. (C) While he acknowledged the risk of "drift," Deniau seconded the words of an unnamed diplomat (himself), quoted in the press, following the Secretariat's technical briefing, that the Iran file had "entered a new phase." The Secretariat, he noted, had attached enough significance and

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credibility to the information presented on "alleged studies" to show it to the Board. In entering this "new phase" the key objective would be to support the Secretariat's investigation of that issue and verification of other issues.

To counter the perception in parts of the Secretariat that not much will change, DCM suggested that the P5 1 help shape expectations for the DG report. DCM noted divisions among the Secretariat as to how activist it should be and a lack of clarity on the DG's plans for June.

#### Russia and China Want "New Ideas"

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¶7. (C) Russian Ambassador Zmeyerovsky referred to the dual track logic of the March 3 P5 1 Ministerial statement, which acknowledged work plan progress while expressing serious concern about the "alleged studies." He called for innovative approaches and fresh ideas, and underlined the

importance of the Solana-Jalili channel as a place where such ideas could be raised. Zmeyevsky also supported the continuation of Iran-IAEA discussions, which had produced results.

¶8. (C) Chinese Ambassador Tang cited Iran-Agency cooperation since last August on all outstanding issues except for the "alleged studies." He unhelpfully noted the DG's opening remarks to the March Board on the need for "due process" in verifying the "authenticity" and substance of the "alleged studies". Tang stressed the need to encourage the Secretariat and Iran to continue efforts to clarify this

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issue so as to strengthen international confidence. A long-term comprehensive solution based on the March 3rd Ministerial statement is needed, Tang said, and he hoped that the Shanghai meeting would produce new ideas for the resumption of negotiations.

¶9. (C) Ambassador Schulte advised against use of the term "alleged studies," as according to the Secretariat, the information it has collected comes from multiple sources including procurement data. He also cited P5 1 Ministers statements that refer to activities with a "military-nuclear dimension." Deniau noted, moreover, that Iran has acknowledged some of the studies while claiming that they were for non-nuclear purposes.

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Moving Ahead in Vienna  
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¶10. (C) Russia and China had nothing to add on next steps in Vienna or the role of Vienna in the broader P5 1 strategy. Gottwald suggested that the P5 1 in Vienna could contribute new ideas and feed into the overall P5 1 framework. He encouraged the P5 1 here to move forward in a more coordinated manner than in the past and consider how we position ourselves in the June Board. Ambassador Schulte noted that the P5 1 need a common understanding in the Board given that UNSCR 1803 reinforces the Board's responsibility. P5 1 Missions agreed to regroup after the P5 1 PolDir's meeting in Shanghai. Ambassador Schulte suggested to Tang that he host the next meeting but Tang preferred that the EU-3 do so.

¶11. (S) In a follow-on discussion, Ambassadors Schulte and Deniau brainstormed on ways to keep the Iran nuclear issue at the forefront in Vienna. Deniau suggested that PolDir's in Shanghai consider convening a meeting of P5 1 technical experts in Vienna to conduct a joint analysis of weaponization or centrifuge work (the topic was less important than the optic of a joint approach). He further suggested intensifying our involvement in verification of formerly outstanding issues, such as polonium, by feeding the Secretariat additional information. Deniau liked Ambassador

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Schulte's idea of an unclassified briefing for Board members on the ABCs of nuclear weapons work as it relates the Iran file, thus helping to explain why the activities reported by the Secretariat are relevant to nuclear weapons R&D. Deniau also proposed that the EU-3 could provide Board members an assessment of the information presented in the Secretariat's technical briefing.

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Comment  
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¶12. (S) We share UK Ambassador Smith's concern that little public and private discussion of Iran in Vienna will mean no progress on the Iran file by the June Board. That would both feed the perception that we are at a stalemate and fuel pressure by ElBaradei and others that the P5 1 -- and specifically the U.S. -- need to make a concession to revive negotiations. The IAEA Secretariat, meanwhile, appears

divided between those, like Heinonen, who want to press ahead on the weaponization investigation, and others who want to use passage of 1803 as an excuse to slow-roll the Iran account for the rest of 2008. The perception of a stalemate would feed into Iran's strategy to delay and divide the international community and make it more difficult to get support if we decided to pursue a June Board resolution that reaffirmed the role of the Board. In the wake of the Majles elections and Iran's declarations that the work plan is closed, this drift could also give additional fuel to Iranian hard-line arguments that non-cooperation and aggressive diplomacy will be successful on the nuclear issue and thus make Tehran's cooperation even less likely.

¶13. (S) The Vienna-based process needs to be better integrated into the broader P5 1 framework to pressure Iran to come clean and, if it does not, convince the international community to take action. While our EU-3 counterparts in Vienna continue to do their part, Russian and Chinese counterparts are not engaged on issues such as weaponization and seemed content to let the Iran discussion rest elsewhere. During the March IAEA Board, Russia objected to the EU-3 resolution on Iran, in part, because it claimed disingenuously that a Board resolution had not been discussed by PolDir's as part of the broader P5 1 framework. To bring the P5 1 on board, it may help to clarify Vienna's role in the broader dual-track strategy on Iran, given the role ascribed to the Board in UNSCR 1803. The French suggestion of a P5 1 technical experts meeting in Vienna could be a good first step in this direction.

¶14. (S) PolDir's could consider setting expectations for the next DG report to the Security Council and the June Board that would emphasize Iran's continued and repeated refusal to address seriously questions on its past weaponization program. It might also be useful to seek a consensus in Shanghai on the unacceptability of Iran's claim that the work plan issues should be considered closed. Given the possibility -- and perhaps the likelihood -- that Iran will proffer some cooperation prior to the June Board, we should encourage the P5 1 to maintain the standard that Iran needs to explain the weaponization information and pressure the Secretariat to describe in detail in its next report Iran's

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failure to do so (e.g. how many times the IAEA has asked and how many times Iran has refused to engage). This could reduce the weight any "new" Iranian cooperation would have in the report and keep the focus on Iran's need to answer the Secretariat's questions as well as reducing the voices

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arguing that Iran has not had enough time to provide answers (despite the fallacy of this argument). Noting early both publicly and privately that we expect such "just-in-time" cooperation, which distracts from the core issues of IAEA verification, could undercut Iran's ability to exploit any small steps deployed just before the Board. End Comment.  
SCHULTE